



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	
	)	ORDER NO. D07-123
JOHNSON CONTROLS, INC.	)	
	)	CONSENT AND ORDER
Authorized Service Contract Provider	)	LEVYING A FINE

**FINDINGS OF FACT**

1. In September, 2006, OIC received an inquiry by an outside party (a competitor) regarding sales of service contracts by York International, Inc.
2. OIC sent an inquiry in October, 2006, and received a timely reply in which York International admitted to selling non-vehicle service contracts without being registered as a Service Contract Provider.
3. York International subsequently applied to register as a Service Contract Provider in January, 2007. Because York International was acquired by Johnson Controls, Inc. and no longer maintains independent financials, the Service Contract Provider application was amended to show parent Johnson Controls, Inc. as the applicant. The registration was issued on February 15, 2007.
4. The company issued 3,198 non-vehicle service contracts to Washington residents prior to becoming registered to do so.

**CONCLUSIONS OF LAW**

1. By engaging in the unregistered sale of service contracts, Johnson Controls, Inc. violated RCW 48.110.030(1).

**CONSENT TO ORDER**

NOW, THEREFORE, Johnson Controls, Inc. consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's fine on such terms and conditions as are set forth below:

1. Johnson Controls, Inc. consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, Johnson Controls, Inc. agrees to pay to the OIC a fine in the amount of \$25,000 (Twenty-Five Thousand Dollars);
3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Johnson Controls, Inc.'s status as a Registered Service Contract Provider; and
4. Johnson Controls, Inc. understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 12<sup>th</sup> day of April, 2007.

JOHNSON CONTROLS, INC.

By: *Dan Reed*

Title: *V.P. Finance, Unitary Products*

**ORDER OF THE INSURANCE COMMISSIONER**

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Johnson Controls, Inc. is ordered to pay a fine in the amount of \$25,000 (Twenty-Five Thousand Dollars).
2. The Company's failure to pay the fine within the time limit set forth above shall result in the revocation of the Company's status as a Registered Service Contract Provider, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the Attorney General.

ENTERED AT TUMWATER, WASHINGTON this 30<sup>th</sup> day of April, 2007.

Mike Kreidler  
Washington State Insurance Commissioner

By: *Andrea L. Philhower*  
Andrea L. Philhower  
Staff Attorney, Legal Affairs Division